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SUBCOMMITTEE ON MANAGEMENT, INTEGRATION AND OVERSIGHT

U.S. HOUSE OF REPRESENTATIVES

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Good afternoon Mr. Chairman and Members of the Subcommittee. I am Richard L. Skinner, Inspector General for the Department of Homeland Security. Thank you for the opportunity to be here today to discuss the work of the Office of Inspector General (OIG) in response to the terrorist attacks of September 11, 2001, in New York City. During the period of the federal response, I served as the Deputy Inspector General for the Federal Emergency Management Agency (FEMA). Subsequently, I became the Deputy Inspector General, and later Inspector General for the Department of Homeland Security.

OIG RESPONSE TO SEPTEMBER 11, 2001

The events of September 11, 2001, resulted in catastrophic loss of life and physical damage as well as loss to the business and residential infrastructure in the lower part of the Borough of Manhattan. FEMA applied the full range of authorized disaster assistance programs to address the post-disaster needs of the City of New York and its citizens, including grants for Public Assistance, Temporary Housing (specifically Mortgage and Rental Assistance), Individual and Family Grants, Disaster Unemployment Assistance, Crisis Counseling Assistance and Training, and Legal Services. However, due to the unique circumstances of this disaster - i.e., managing the consequence of a terrorist event rather than the consequences of a natural disaster - FEMA had to use its authorities and programs more broadly than ever before. As a result, FEMA's authorities were not adequate to meet everyone's expectations in recovering from the unprecedented needs created by this event.

On September 17, 2001, our investigators arrived in New York City and met with the Federal Coordinating Officer, representatives of the U.S. Attorney's Southern and Eastern District Office, the Manhattan District Attorney's Office, the New York Police Department, the Port Authority Police Department, the City of New York Department of Investigations, and many other investigative organizations with jurisdiction over the World Trade Center disaster. The purpose of those meetings was to provide and receive information; explain our mission of aggressively investigating and recommending prosecution of anyone attempting to defraud FEMA; and, to fulfill our objectives of:

- Participating in public service announcements
- Conducting fraud awareness briefings
- Organizing a multi-agency task force to collectively address fraud
- Reviewing applications through computer matching
- Monitoring debris removal
- Participating in press conferences with the U.S. Attorney's Office
- Distributing FEMA fraud Hotline posters and information

During the initial first eight months, a satellite office was established in Manhattan where our investigators worked round-the-clock, in three shifts with six agents per shift. In April 2002, investigators transitioned to two/12-hour shifts, and maintained six agents per shift. By February 2003, investigators were working one/12-hour shift with six agents. The Agent in Charge of the FEMA OIG Eastern District Investigations Branch Office in Atlanta, Georgia provided supervisory oversight of the World Trade Center investigations.

By early October 2001, we also deployed teams of auditors and inspectors from our headquarters and various field offices to the New York City Disaster Field Office (DFO). Our mission was to (1) assist the Federal Coordinating Officer in reviewing and assessing procedures, practices, and controls in place throughout the operation; (2) identify and prevent fraud; and (3) assure FEMA's Director that all

possible actions to protect public welfare and to ensure the efficient, effective, and economic expenditure of federal funds were undertaken. One team of auditors and inspectors worked directly with the Federal Coordinating Officer and monitored set-up and operation of the DFO. Another team of auditors worked with FEMA's public assistance staff while a team of inspectors worked with FEMA's individual assistance program staff.

INVESTIGATIVE ACTIVITIES

We received allegations of fraud in a variety of ways. While the FEMA OIG fraud hotline was our primary source of information, FEMA's disaster assistance program staff, the Manhattan District Attorney's Office, and other federal, state, and local agencies provided information.

Our investigators received over 1,100 complaints resulting in approximately 250 investigations, the majority of these complaints were related to fraudulent applications for Mortgage and Rental Assistance, Disaster Unemployment Assistance, and individual assistance. We worked many of those investigations jointly with the Social Security Administration OIG, the New York Department of Investigations, and other law enforcement agencies. We arrested or indicted 117 individuals resulting in 96 convictions, 10 dismissals, 3 warrants, and 8 investigations pending final disposition. Further, the approximate aggregate dollar amount that can be attributed to our investigative activity is \$940,000 in recoveries, \$6.9 million in restitutions, \$2 million in fines, and \$8 million in cost savings to the federal government.

Individual Assistance

Our investigative activities in response to the World Trade Center closely paralleled a profile we learned from responding to prior catastrophic disasters. We projected that the first investigations would involve false claims for individual assistance, which included the Mortgage and Rental Assistance, Disaster Unemployment Assistance, Individual and Family Grants programs, and other associated programs to assist individuals affected by the disaster.

During our initial meeting with representatives of both the U.S. Attorney in the Eastern and Southern Districts, it was mutually agreed that the Manhattan District Attorney's Office would prosecute the smaller individual assistance cases while the U.S. Attorney's offices would pursue debris removal cases.

Examples of the individual assistance cases accepted by the Manhattan District Attorney's Office were:

- Claims for damage to residences owned by others
- Claims for damage to a residence where no damage occurred
- Claims for pre-existing damage
- Claims for mortgage and rental assistance
- Claims in the names of decedents
- Renters filing claims purporting to be landlords

Mortgage and Rental Assistance Program

The Mortgage and Rental Assistance (MRA) program was designed to cover rent or mortgage payments for victims who suffer financial hardship as a result of a major disaster. Victims who were unable to pay their rent or mortgage and received written notice of eviction or foreclosure may have been eligible for MRA grants.

One example of an MRA-related investigation involved a person who was temporarily employed by FEMA at the Applicant Assistance Center in Manhattan. The employee participated in a scheme to defraud FEMA by filing false claims under the MRA program. To further the scheme, he and seven others obtained, or helped to obtain, over \$1 million in MRA grants based upon applications that contained fake phone bills and bogus driver's licenses, which were intended to prove residency at a particular location, or identified residential addresses that were actually commercial mail receiving facilities. Additionally, these individuals enlisted accomplices to create false documents, submit false claims, vouch for information provided to FEMA, and to receive grant payments. In April 2006, with the cooperation of the Secret Service and the Postal Inspection Service, six were arrested and charged in the Eastern District of New York, in a 52-count indictment to include false claims, conspiracy, mail fraud, wire fraud, and making false statements. Two of the individuals pleaded guilty, one remains a fugitive, and prosecution is pending on the remaining four defendants.

Other examples of related investigations include two individuals who claimed damage to their personal property items from debris and smoke filled air in their apartment, which was located 35 blocks from the World Trade Center site. Each received \$10,000 in grants from FEMA. Another individual claimed her estranged husband was a window washer at the World Trade Center and died in the attack. She received \$3,200 in rental assistance before we determined the husband was alive and living on Long Island. All of these individuals were successfully prosecuted.

Individual and Family Grants Program

The Individual and Family Grants (IFG) program was designed to meet the disaster-related necessary expenses or serious needs of disaster victims which could not be met through other provisions of the *Stafford Act*; or, through other means, such as insurance; other federal assistance; or voluntary agency programs. Eligible expenses may include those for real and personal property, medical and dental expenses, funeral expenses, transportation needs, and other expenses specifically requested by the state.

On October 18, 2001, air purifiers, air filters, and vacuum cleaners with high efficiency particulate air filters were added to the list of IFG eligible items. On March 22, 2002, FEMA and the state decided to add window air conditioners as an IFG eligible item. Eligibility was dependent upon applicants having owned a window air conditioner that was damaged during the event. Traditionally, during a home inspection inspectors would verify damage before recommending the repair or replacement of an eligible item.

However, when air conditioners were added as an IFG eligible property item, home inspections had been completed. FEMA then decided that it would not be cost effective to have inspectors verify damage of a single property item. Instead, the state implemented a self-certification process. Further, on May 1, 2002, FEMA and the state authorized advance payments to applicants who were financially unable to purchase air quality items. Rather than requiring receipts for such items prior to grant approval (which was traditionally required) or an ability to document financial need, applicants were permitted to certify that they were unable to pay for the items and were asked to provide receipts after purchase.

On February 20, 2003, the Associated Press reported that people who did not suffer from the effects of contaminated air filed 90 percent of the applications for reimbursement of IFG eligible air quality items. The source of that figure was FEMA's World Trade Center disaster recovery manager. The manager's estimate was based on an assumption that, of the 225,000 applicants for air quality items, only the 25,000 applicants that lived in Manhattan and who were eligible to participate in an Environmental Protection Agency home cleaning program, suffered from contaminated air. Consequently, the manager concluded that 90 percent of the applications submitted were from individuals who had not suffered from the effects of contaminated air.

We determined there was no indication that eligible applicants did not receive assistance. However, because FEMA and state management and control over IFG eligible air quality items was reduced, many applicants received assistance for which they may not have been eligible, which increased opportunities for fraud and abuse.

In response to these concerns, and at our urging, FEMA implemented a sampling program to verify applicant eligibility and to identify abusers. FEMA selected two random samples: one of applicants who repaired or replaced air conditioners, and one of applicants who received advances for air quality items. Although the samples were not designed to be statistically valid, the results suggest that a large number of applicants were not suffering from the effects of contaminated air.

In January 2003, FEMA selected a sample of 4,435 people who applied for assistance to buy window air conditioners and visited their homes to verify that they had window air conditioners before the disaster occurred. FEMA representatives inspected damaged air conditioners or, when damaged air conditioners had been disposed of, inspected indentations left in windows by the air conditioners. The home inspections identified 1,704 applicants who had evidence of the prior existence of a window air conditioner, and 2,731 applicants, or 62%, who did not and therefore were probably ineligible for assistance.

The second sample of 5,602 applications was selected in March 2003 to verify the proper use of \$5.8 million in advances for air quality items. Applicants who received advances were required to submit receipts to the state within 30 days after receiving the funds, but FEMA said that none of the applicants included in the sample complied with this requirement. As of July 22, 2003, FEMA had completed 5,029 home inspections and determined that 3,347 applicants had purchased the air quality items. FEMA referred the 1,682 applicants, or 33%, who had not purchased the air quality items to the state for collection.

These findings and conclusions were discussed with Manhattan District Attorney's Office prosecutors who expressed concern proving criminal intent. The prosecutors felt it would be their burden to prove that a subject's intended purpose was to defraud FEMA, yet the prosecutors were not certain they could satisfy that element. While prosecutors did state that they would be willing to review such cases, unless our investigators had solid proof of intent, prosecutors would be more likely to decline prosecution. Also, prosecutors expressed concern over the low dollar amount - about \$1,200 - of each potential case and over the administration of the program, which allowed applicants to receive funds and purchase items with no stated purchase deadline.

The Assistant U.S. Attorneys expressed similar concerns. Specifically, the lack of program criteria allowing applicants to receive funds and purchase items with no stated purchase deadline, and the low dollar amount, made the cases very unattractive. An additional issue for the U.S. Attorney was the

appearance of selective prosecution for which a logical defense would be why is the government prosecuting certain individuals when it chose not to prosecute all 200,000 of the potential fraudulent claims.

We reviewed many allegations and referrals concerning this matter and determined, from a historical and reasonable approach, that with few exceptions, the allegations and referrals did not appear to have a great deal of prosecutorial merit. However, both federal and state prosecutors stated that if the case involved false documents, they would be more likely to prosecute those subjects. We conducted 12 investigations, the subjects of which were prosecuted by the Manhattan District Attorney's Office. Two individuals filed claims to obtain filters for their window air conditioners when in fact the high-rise building where they resided had central air conditioning. Another 10 individuals, when confronted by our investigators, confessed to submitting false invoices to support their claims for IFG assistance. Last, we investigated complaints against 16 air quality products companies for using unethical sales tactics and referred them to the New York State Attorney General's office.

Nevertheless, we did have success, in our opinion, mitigating some of the fraud. As a result of FEMA's intensive efforts to educate the public as to the true intent of the IFG Program and its aggressive home inspection sampling initiative, coupled with our investigative initiatives, which received considerable media coverage, more than 100,00 of the original 229,000 applicants voluntarily chose to withdraw from the program. They either returned or did not accept their grant award. Given that the average IFG award was about \$1,200, these actions helped FEMA save more than \$120 million.

Public Assistance

Public assistance investigations, the majority of which deal with debris removal and generally involve primary contractors and subcontractors, are more complex and take longer to complete than the individual assistance investigations. Examples of public assistance cases the U.S. Attorneys agreed to prosecute dealt with the removal and disposal of disaster related debris. We have long recognized that the nature of debris removal operations make it an area where unscrupulous individuals and firms could potentially use a disaster for personal gain. With our years of experience, we have seen contractors engaged in:

- Submitting false debris removal invoices
- Artificially increasing tonnage hauled
- Inflating the number of employees
- Falsifying labor and material costs
- Bribery, bid-rigging, and kickbacks

Working jointly with the Internal Revenue Service's Criminal Investigations Division and the Postal Inspections Service, we investigated the president and owner of a disaster recovery and clean-up company. This individual and others were convicted in U.S. District Court of engaging in a fraud scheme to enrich themselves by taking advantage of federal disaster relief funds in New York and two other states. Specifically, the contractor was hired to provide monitoring and maintenance services at the Fresh Kills Landfill on Staten Island. The contractor misrepresented the hourly rates it was paying employees, and submitted false invoices for employee lodging and per diem.

In another investigation, two contractors working for a trucking company were successfully

prosecuted. All contractors are required to have a valid New York City permit to do business in the city. We received information that this trucking company submitted an application to remove debris and provided false information as to the owner of the company. Working jointly with the New York Department of Investigations, we participated in the execution of a New York State search warrant at two of its places of business, which produced documentation as to the true owner and manager of the company. One individual was arrested for submitting false documents to the City of New York for a work permit license. A second individual was arrested for making false statements in a deposition as to the ownership of the company. Both were convicted on multiple counts of perjury.

GENERAL MANAGEMENT OVERSIGHT ACTIVITIES

As I briefly mentioned, our auditors and inspectors worked in direct support of the Federal Coordinating Officer responding to specific requests and addressing matters that independently came to our attention. Some of the tasks we performed at the Disaster Field Office related to accounting and auditing, but some were as varied as tracking down missing copy machines. We worked closely with a team of FEMA comptrollers and Office of General Counsel representatives, helping them with a wide assortment of financial matters. Further, we worked with other federal agencies, as well as with state and city organizations and voluntary agencies. Our support included establishing a partnership with program staff to identify and suggest courses of action regarding potential and emerging issues with duplication of benefits, donations management, accountable property, program limitations and administration, DFO training, and safety and security.

Public Assistance

We responded to the World Trade Center attack as a partner with FEMA's response and recovery components. We deployed a team of auditors to monitor public assistance operations and assist in reviewing requests for assistance. The team maintained a presence for more than 18 months after the attack, working with FEMA public assistance staff to ensure that recovery efforts were on track and complied with federal laws and regulations.

Our efforts were far from the traditional role of the OIG as this was an extremely unique situation. We were able to contribute significantly to the effectiveness of FEMA's response by providing proactive oversight rather than reactive hindsight. Early in the process we briefed applicants on how to qualify for FEMA assistance and maintain records, and we reviewed accounting systems of some of the local governments to ensure they were adequate for collecting necessary cost data.

We reviewed requests for funding and the detailed worksheets for proposed projects and met with public assistance program staff on a regular basis to provide them technical assistance on allowable costs. At FEMA's request, we reviewed questionable bills submitted by applicants for payment and FEMA's implementation of its policy on heightened security eligibility.

We did not conduct any traditional compliance audits of public assistance grants, nor did we audit any costs incurred under the *Consolidated Appropriations Resolution Act of 2003*, which provided that costs not eligible for public assistance funding, referred to as associated expenses, would be funded with the remainder of the \$8.8 billion of authorized FEMA funding. FEMA estimated that \$7.6 billion would be required for *Stafford Act* purposes and \$1.2 billion would be used for associated expenses. Associated expenses include such costs as local government employee salaries, heightened security costs, and the "I Love NY" campaign, which encouraged tourism and visitors to the state.

Individual Assistance

In response to congressional inquiries, we reviewed the delivery of individual assistance in New York after September 11, 2001. The review focused on issues that needed to be addressed by both FEMA and Congress as they considered regulatory and legislative changes to improve FEMA's delivery of assistance to victims of future terrorist attacks that result in presidential disaster declarations. The following is a summary of some of the issues raised during our review, *FEMA's Delivery of Individual Assistance Programs: New York — September 11, 2001* (December 2002).

Eligibility Issues in the Mortgage and Rental Assistance Program

FEMA has not implemented the MRA program on a large scale because previous disasters did not coincide with nor result in widespread unemployment or national economic losses. From the inception of the MRA program until September 11, 2001, only \$18.1 million had been awarded in 68 declared disasters, compared to approximately \$76 million awarded in response to the New York World Trade Center disaster alone. Because the program was seldom used, Congress eliminated it when the *Disaster Mitigation Act of 2000* (DMA) was enacted, making the program unavailable for disasters declared after October 14, 2002.

FEMA had to face the challenge of implementing this program in a disaster that caused significant economic consequences, including not only the obvious economic impact of the incident itself but also the indirect economic effects felt throughout the nation. The language of the *Stafford Act's* MRA authority established, as a criterion for assistance, a written notice of dispossession or eviction. The law was silent, however, on what constitutes a financial hardship. This omission required FEMA to interpret to what extent a personal financial loss constitutes a financial hardship, and to determine whether that hardship resulted directly from the primary effects of the attack or from the secondary effects on the nation.

The MRA program's limited use, the broad economic impact of this unprecedented event, and FEMA's challenge to differentiate between primary and secondary economic effects contributed to difficulties in delivering timely and effective assistance. The MRA program was unique because it addressed limited, individual economic losses versus physical damage resulting from a disaster. Traditional inspection of damages as a basis for program eligibility determinations, therefore, did not apply to MRA. Individual financial hardships caused by the disaster were evaluated on a case-by-case basis. FEMA attempted to clarify eligibility criteria that required a clear link between physical damage to the business or industry caused by the disaster and an applicant's loss of household income, work, or employment regardless of geographic location.

State Capability to Implement the Individual and Family Grants Program

Applications for IFG assistance rose sharply in June 2002, as applicants requested assistance for air quality items. FEMA believed the increase in new applications coincided with public announcements being made by the Environmental Protection Agency (EPA) regarding the poor air quality in the city and the need for air-conditioning and related items because of the unusually warm spring and early summer. The state believed the surge in new applications coincided with the closing of assistance from many nonprofit organizations. FEMA received an average of 7,660 applications per month from June 2002 to August 2002 for air quality items. Applications for IFG assistance typically do not spike at this point in the recovery phase of a disaster.

The unanticipated increase in applications received after June 2002 also may have been related to two other decisions regarding assistance for air quality items. First, assistance was made available to all households in the five boroughs of New York City. The broad geographic eligibility was not related to the areas of actual impact. A better model might have been to limit eligibility to the same areas identified by the EPA and the New York City Department of Health for purposes of the apartment cleaning and testing program. Had the IFG program and the EPA testing and cleaning program worked more closely in terms of geographic eligibility, the IFG program would have had reasonable and justifiable boundaries. Second, as a result of concerns expressed by certain advocacy groups, applicants were allowed to certify that they were unable to pay for the air quality items (costing as much as \$1,600). Funding was advanced to those applicants and they were requested to provide receipts after purchase. There were few limitations placed upon who could qualify for this “unable to pay” option. As I have previously noted, this may have increased the likelihood of fraud and abuse.

Interagency Coordination Challenges

I cannot stress enough the need for interagency data sharing and coordination to improve disaster response, recovery, and oversight. After 9/11, responsibilities shared among FEMA, EPA, the U.S. Department of Justice’s (DOJ) Office for Victims of Crime, and voluntary agencies, for example, were not defined clearly enough to distinguish roles and establish the sequence of delivery of assistance. Recovery from the event highlighted the need for data sharing agreements regarding shared roles and responsibilities among key agencies likely to respond to future criminal actions.

Information Data Sharing

Although progress has been made in this area since 9/11, much more needs to be done. Accordingly, I would like to again emphasize the need for interagency data sharing and coordination through three principal means: direct access to FEMA data, computer matching agreements, and real-time data exchange.

Hurricane Katrina clearly demonstrated that law enforcement needs direct access to disaster victims’ personal information, not only to reconnect family members and locate missing persons, but also to convicted sex offenders who relocated as a result of the disaster. Hurricane Katrina left over 5,000 children missing and more than 2,000 unaccounted for registered sex offenders. The process employed by FEMA to fulfill law enforcement agency requests for FEMA records under the Privacy Act is untimely. The FBI has indicated that these requests sometimes take days to fulfill. A similar protracted process was used for governors to request information from FEMA to obtain data on sex offenders who relocated to their state. The HHS believes, and we agree, that evacuated, registered sex offenders are a potential threat to children until appropriate law enforcement has information to identify and monitor these individuals. Timely access to FEMA data can assist law enforcement in protecting public safety and security, such as in the apprehension of fleeing felons.

In support of these issues, FEMA published a notice in the Federal Register, on July 6, 2006, adding a new routine use to its Disaster Recovery Assistance system of records that allows for greater information sharing with federal agencies, state and local governments, or other authorized entities for the purposes of reunifying families, locating missing children, voting, and with law enforcement entities in the event of circumstances involving an evacuation, sheltering, or mass relocation, for purposes of identifying and addressing public safety and security issues. As FEMA noted, these routine uses are being added to resolve any ambiguities about FEMA’s authority to share information under

these circumstances and to ensure that necessary information can be disseminated in an efficient and effective manner. This is a step in the right direction.

Another advantageous means of data sharing involves computer matching. Computer matching agreements among federal agencies that provide disaster assistance are often necessary to detect fraud, waste, and abuse. Agencies such as the Social Security Administration and the Small Business Administration, for example, have expressed a high degree of interest in such agreements with FEMA. An agreement between FEMA and the Department of Housing and Urban Development was recently executed to identify individuals who are receiving excess or duplicate housing assistance relating to Hurricanes Katrina and Rita. Yet, to date, only the HUD computer matching agreement has been executed, eleven months after Katrina's landfall. Without such agreements, the prospect for protecting the taxpayer's dollars and prosecuting fraud is diminished.

One more means of data sharing I would like to convey is the real-time exchange of information among federal agencies that provide disaster assistance. This exchange of information is necessary to verify identity and eligibility, as well as to create a holistic approach for the effective delivery of disaster assistance. According to FEMA's *Guide to Recovery Programs*, the federal government has over 90 disaster assistance programs. Real-time data sharing agreements are necessary to prevent the duplication of federal disaster assistance and to ensure that disaster victims receive the full complement of disaster assistance needed for a timely and effective recovery. Currently, FEMA has a contract with the commercial data reseller ChoicePoint to authenticate the identity of disaster assistance applicants. Since Hurricane Katrina, approximately \$4.3 million has been expended for their authentication services. Furthermore, it is our understanding that FEMA has extended this contract with ChoicePoint through June 2007. However, interagency data sharing agreements between federal agencies that provide disaster assistance would lessen the government's reliance upon commercial data resellers such as ChoicePoint for identity authentication. For example, data sharing agreements between FEMA and the Social Security Administration and the Postal Service can verify the name, social security numbers, and address of an individual applying for disaster assistance. These agreements will result in greater intergovernmental collaboration in the delivery of disaster assistance, which corresponds with the intent of the National Response Plan and FEMA's *Strategic Plan Fiscal Years 2003-2008*, which charges FEMA to serve as the nation's knowledge manager and coordinator of emergency management information.

I would like to note that we have an ongoing review of how FEMA's data sharing processes and procedures can be enhanced to promote effective and efficient disaster response, recovery, and oversight. We look forward to sharing our findings of this review with you when it is complete. The following are examples where interagency data sharing and coordination after the 9/11 terrorist attacks could have been approved.

Response to Residential Air Quality, Testing, and Cleaning Requires More Coordination

EPA was aware, based on its work in the aftermath of the 1993 World Trade Center terrorist bombing, that the World Trade Center complex contained asbestos material. Neither FEMA nor New York City officials, however, initially requested that EPA test or clean inside buildings because neither EPA nor the New York City Department of Environmental Protection could identify any specific health or safety threat. EPA nevertheless advised rescue workers early after the terrorist attack that materials from the collapsed buildings contained irritants, and advised residents and building owners to use professional asbestos abatement contractors to clean significantly affected spaces. Directions on how to clean the exterior of buildings affected by dust and debris were provided to building owners by the

New York City Department of Environmental Protection, and directions on how to clean interior spaces were provided by the New York City Department of Health.

Neither FEMA nor EPA traditionally had been involved in testing and cleaning private residences. Neither agency is specifically authorized to provide such services. However, when a potential health and safety threat was identified and New York officials documented that interior testing and cleaning would beneficially impact the City's economic recovery, FEMA used its debris removal authorities under the *Stafford Act* to provide the necessary funding.

However, the program to test and clean residences in lower Manhattan did not commence until months after the disaster. Although FEMA has the responsibility to coordinate recovery from declared disasters, FEMA must depend on the particular expertise of the EPA in circumstances involving possible air contaminants or environmental hazards. EPA must confirm that such hazards constitute a public health and safety threat before FEMA can provide funding for emergency response. We suggested that FEMA be more proactive in requesting EPA to conduct necessary testing and/or studies to determine if a public health or safety threat exists in future, similar disasters so that cleaning efforts could begin much earlier in the recovery phase. FEMA also should address the roles of state and local agencies in such circumstances, as consultation with those agencies would provide useful information in review or evaluation.

Department of Justice Authorities Complement FEMA Authorities

Because the World Trade Center complex and Pentagon were declared disasters by the President resulting from criminal actions, both FEMA and DOJ's Office for Victims of Crime had authority to provide victim assistance. FEMA's Crisis Counseling Assistance and Training Program (CCP) providers found it necessary to offer support services that went beyond the normal levels of CCP mental health programs. Further, too many entities were involved at the outset to ensure coordination and avoid potential confusion of services provided to victims.

The event uncovered potential DOJ-FEMA overlaps in some programs covering disasters that are also crime scenes. FEMA's CCP program funds crisis counseling and the IFG program reimbursed victims of disasters for medical, dental, and funeral expenses. The *Victims of Crime Act of 1984*, as amended (42 United States Code §10603), authorizes DOJ's Office for Victims of Crime to provide financial assistance to victims of federal crimes and of terrorism and mass violence in the form of (1) grants to state crime victim compensation programs to supplement state funding for reimbursement of the same out-of-pocket expenses, including mental health counseling; and, (2) grants to state victim assistance agencies in support of direct victim services such as, crisis counseling, criminal justice advocacy, shelter, and other emergency assistance services. Because the event was both a disaster and a criminal act, programs of DOJ's office for Victims of Crime were also applicable. As a result, expenses medical, dental, and funeral expenses were covered by DOJ.

FEMA, the Office for Victims of Crime, and DOJ's Executive Office for United States Attorneys subscribed to a *Letter of Intent* to ensure that victims received needed services and information and to articulate services needed in responding to catastrophic federal crime. The *Letter of Intent* should serve as the foundation for future cooperative activities but more detailed and comprehensive guidance is necessary to ensure that services delivered to disaster victims who are also victims of crime are appropriate, consistent, and not duplicative. Those objectives could be accomplished through a Memorandum of Understanding between FEMA and DOJ's Office for Victims of Crime that

formalizes the relationship, the responsibilities and authorities to be applied, programs, time frames, and sequencing when a disaster is also a crime scene.

Coordination with Voluntary Agencies

Voluntary Agencies (VOLAGS) typically provide immediate emergency assistance to victims, while FEMA addresses short and long-term recovery needs. Near the end of the recovery cycle, VOLAGS address victims' unmet needs. After the September 11, 2001 attacks, individuals donated time, resources, and money in record volumes to a large number of VOLAGS. The overwhelming generosity and rapid influx of cash donations likely contributed to the ability of VOLAGS and other groups to provide higher levels of assistance. Since so many VOLAGS, *ad hoc* organizations, and other entities not traditionally in the sequence of delivery were distributing assistance, it was difficult to collect accurate information necessary to understand the scope of assistance being provided. FEMA, attempting to bring order to the chaos created by the multitude of voluntary organizations, developed a matrix of various government and non-government entities. At one point, this matrix included over 100 organizations and was used to identify their contributions to disaster recovery efforts and the types of assistance provided. FEMA validated the information and became familiar with the kinds of assistance being offered so that staff could make informed referrals. In spite of those efforts, FEMA was not able to assure that all voluntary agencies were coordinated appropriately to ensure that benefits were not duplicated among disaster programs, insurance benefits, and any other type of disaster assistance.

Historically, FEMA has not considered the assistance of voluntary agencies to be duplicative of its assistance in most declared disasters. In response to this event, however, VOLAGS far exceeded their traditional role in the provision of assistance. FEMA, to ensure timely assistance to victims, decided to activate its own individual assistance program and to treat VOLAG and other non-governmental assistance as non-duplicative. Had FEMA expended the resources necessary to fully identify and quantify such assistance, the timely provision of urgently needed assistance would have been delayed. FEMA acknowledges, however, that some people may have received assistance for similar losses from more than one source.

Regardless of FEMA's decision not to identify and quantify voluntary agency assistance on a case-by-case basis, the potential that duplication occurred did exist although the nature and amount of duplication remains unknown. FEMA needs to be better able to anticipate the proactive role non-governmental organizations will play in disaster recovery operations and attempt to coordinate relationships with those organizations through protocols such as Memorandums of Understanding to alleviate the potential for duplicating benefits.

Improvements have been made since the 9/11 attacks. The Coordinated Assistance Network was established through a memorandum of understanding in 2003 and was first piloted during the 2004 hurricane season in Florida. The following organizations signed this document: American Red Cross, Salvation Army, Alliance of Information and Referral systems, United Way of America, United Services Group, National Voluntary Organizations Active in Disaster, and Safe Horizon. The goal of the Coordinated Assistance Network is to afford more efficient and effective service coordination among voluntary, as well as governmental, agencies during disaster events. It was designed as a communication mechanism for services providers and to identify any gaps or redundancies in services. The network allowed registered organizations to access information on available services and to share information on the levels of services delivered to individuals, families, or households. It also allowed disaster victims to explain their needs and register only once, as registration afforded disaster victims a

registration with all service providers on the network. In response to the 2005 hurricanes in the Gulf Coast region, five organizations were using the network and 81,817 clients records were in the system as of September 30, 2005.

Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions that you or the Subcommittee may have.